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House Engrossed

State of Arizona  
House of Representatives  
Forty-seventh Legislature  
First Regular Session  
2005

# HOUSE BILL 2066

AN ACT

AMENDING SECTION 9-463.05, ARIZONA REVISED STATUTES; RELATING TO MUNICIPAL DEVELOPMENT FEES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 9-463.05, Arizona Revised Statutes, is amended to  
3 read:

4 9-463.05. Development fees; imposition by cities and towns

5 A. A municipality may assess development fees to offset costs to the  
6 municipality associated with providing necessary public services to a  
7 development.

8 B. Development fees assessed by a municipality under this section are  
9 subject to the following requirements:

10 1. Development fees shall result in a beneficial use to the  
11 development.

12 2. Monies received from development fees assessed pursuant to this  
13 section shall be placed in a separate fund and accounted for separately and  
14 may only be used for the purposes authorized by this section. Interest  
15 earned on monies in the separate fund shall be credited to the fund.

16 3. The schedule for payment of fees shall be provided by the  
17 municipality. The municipality shall provide a credit toward the payment of  
18 a development fee for the required dedication of public sites and  
19 improvements provided by the developer for which that development fee is  
20 assessed. The developer of residential dwelling units shall be required to  
21 pay development fees when construction permits for the dwelling units are  
22 issued.

23 4. The amount of any development fees assessed pursuant to this  
24 section must bear a reasonable relationship to the burden imposed upon the  
25 municipality to provide additional necessary public services to the  
26 development. The municipality, in determining the extent of the burden  
27 imposed by the development, shall consider, among other things, the  
28 contribution made or to be made in the future in cash or by taxes, fees or  
29 assessments by the property owner towards the capital costs of the necessary  
30 public service covered by the development fee.

31 5. If development fees are assessed by a municipality, such fees shall  
32 be assessed in a non-discriminatory manner.

33 6. In determining and assessing a development fee applying to land in  
34 a community facilities district established under title 48, chapter 4,  
35 article 6, the municipality shall take into account all public infrastructure  
36 provided by the district and capital costs paid by the district for necessary  
37 public services and shall not assess a portion of the development fee based  
38 on the infrastructure or costs.

39 C. A municipality shall give at least sixty days' advance notice of  
40 intention to assess a new or increased development fee and shall release to  
41 the public a written report including all documentation that supports the  
42 assessment of a new or increased development fee. The municipality shall  
43 conduct a public hearing on the proposed new or increased development fee at  
44 any time after the expiration of the sixty day notice of intention to assess  
45 a new or increased development fee and at least fourteen days prior to the  
46 scheduled date of adoption of the new or increased fee by the governing

1 body. A development fee assessed pursuant to this section shall not be  
2 effective until ninety days after its formal adoption by the governing body  
3 of the municipality. Nothing in this subsection shall affect any development  
4 fee adopted prior to July 24, 1982.

5 D. EACH MUNICIPALITY THAT ASSESSES DEVELOPMENT FEES SHALL SUBMIT AN  
6 ANNUAL REPORT ACCOUNTING FOR THE COLLECTION AND USE OF THE FEES. THE ANNUAL  
7 REPORT SHALL INCLUDE THE FOLLOWING:

8 1. THE EXACT AMOUNT CHARGED OR ASSESSED FOR EACH TYPE OF DEVELOPMENT  
9 FEE ASSESSED BY THE MUNICIPALITY.

10 2. THE BALANCE OF EACH ACCOUNT AT THE BEGINNING AND END OF THE FISCAL  
11 YEAR.

12 3. THE AMOUNT OF INTEREST EARNED ANNUALLY IN EACH ACCOUNT.

13 4. THE AMOUNT OF DEVELOPMENT FEES SPENT ON EACH PROJECT AND THE  
14 PHYSICAL LOCATION OF EACH PROJECT.

15 E. EACH MUNICIPALITY SHALL SUBMIT A COPY OF THE ANNUAL REPORT TO THE  
16 CITY CLERK AND COPIES SHALL BE MADE AVAILABLE TO THE PUBLIC UPON REQUEST  
17 SIXTY DAYS FOLLOWING EACH FISCAL YEAR.

18 F. ANY MUNICIPALITY THAT HAS FAILED TO FILE A REPORT WILL BE  
19 PROHIBITED FROM COLLECTING DEVELOPMENT FEES UNTIL A REPORT HAS BEEN FILED.